

SECTION 638: LOSS OF TREASURY WARRANT

1. General Description. The loss of a Treasury Warrant, as described in this section, is the result of an issued warrant being removed from the control of the payee. Examples are loss by carelessness, loss by theft, and loss in transit between the payee and another party to whom the payee is sending the warrant. Warrant loss, for purposes of this section, does not include any loss of an issued warrant before it is received by the payee.
2. Responsibilities and Relationships. In the case of an issued warrant that has been received by a payee, the payee is primarily responsible for the safekeeping of the warrant until it has been properly negotiated for value. If a loss occurs before the payee has negotiated the warrant, the payee is responsible for contacting the expending agency that vouchered the payment for initiating appropriate action as described in this section. Any contacts that are needed with the issuer of the warrant should be made only through the expending agency, except for emergency situations.
3. Emergency Loss Situations. Emergency loss situations relating to the loss of a Treasury Warrant are those situations in which it is in the State's best interest to stop payment immediately on the warrant to avoid the possibility of improper payment of the warrant. For example, if a private business experiences a theft and among other things loses a Treasury Warrant, the issuer of the warrant should be immediately notified. The notification may be direct if it is not feasible to communicate in the normal manner through the expending agency.
4. Claim for Lost Treasury Warrant.
 - (a) In all cases in which a payee wants to request a duplicate warrant for one that has been lost, stolen, or otherwise not available to the payee, the expending agency should provide the payee with three (3) copies of the CLAIM FOR LOST TREASURY WARRANT, SAFORM C-47, on which to make the claim.
 - (b) In providing the forms to the payee, the expending agency should fill in the "WARRANT IDENTIFICATION" information at the bottom of the form.
 - (c) Further description and instructions relating to the CLAIM FOR LOST TREASURY WARRANT form are contained elsewhere in this volume of the Accounting Manual.

SECTION 638: LOSS OF TREASURY WARRANT5. Endorsement on Lost Treasury Warrant.

- (a) Restrictive Endorsement. If a payee states on a CLAIM FOR LOST TREASURY WARRANT, SAFORM C-47, that the warrant was endorsed, and if the facsimile of the endorsement indicates that the endorsement was restrictive, it will be concluded that no one other than the endorser could properly negotiate the warrant; therefore, a duplicate warrant will be issued to replace the lost warrant (after stop-payment action has been taken on the lost warrant and other control procedures have been followed). A restrictive endorsement, for the purpose of this section, is one that contains a phrase such as "FOR DEPOSIT ONLY TO THE ACCOUNT OF PAYEE".
- (b) Non-Restrictive Endorsement. If a payee states on a CLAIM FOR LOST TREASURY WARRANT, SAFORM C-47, that the warrant was endorsed, and if the facsimile of the endorsement indicates that it was an open endorsement without restriction, a duplicate warrant cannot be issued, since the lost warrant could be properly cashed by any holder; therefore, if the State issued a duplicate warrant, it would have no protection against double-cashing of the payment. Although stop-payment action will be taken on the lost warrant, the stop-payment action can be challenged, if the warrant is cashed, because of its open, non-restrictive endorsement.
- (c) Future Recovery on Non-Restrictive Endorsement. In a situation described in paragraph 5(b), there is a possible means of recovering the amount of the warrant, but not before the escheat date of the warrant. If a warrant described in paragraph 5(b) is not cashed by its escheat date, the payee can file an escheat claim under the provisions of Sec. 40-68 of the Hawaii Revised Statutes. Under that section, the escheat date of a warrant is the June 30th of the fiscal year following the fiscal year in which the warrant was issued. For example, the escheat date of a warrant issued November 15, 1986, is June 30, 1988.

- 6. Related Procedures. For related procedures in cases in which it is anticipated that stop payment action will have to be taken on the lost warrant, the procedures described in Section 632, Stop Payment of Warrants, of this volume of the Accounting Manual should be followed.